

Message Text

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ACTION EA-09

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 658

AMCONSUL MELBOURNE

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E.O. 11652: N/A

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SUBJECT: THE INDUSTRIAL RELATION SCENE ON AUSTRALIA IN MID-1977:

A STUDY IN CONFRONTATION AND COMPROMISE

1. IN MID-1977 THE AUSTRALIAN COUNCIL OF TRADE UNIONS(ACTU) WAS CELEBRATING ITS 50TH ANNIVERSARY AS THE LIBERAL/COUNTRY PARTY COALITION

GOVT WAS MARKING THE HALF-WAY POINT OF THE 3 YEAR TERM IT WON WHEN IT CRUSHED AND DEMORALIZED THE ALP IN THE ELECTION OF DECEMBER, 1975. DURING MOST OF THE TIME WHICH HAS PASSED SINCE THE 1975 ELECTION

THE ACTU (RATHER THAN THE WEAKENED AND DIMINISHED ALP OPPOSITION IN THE FEDERAL PARLIAMENT) HAS FUNCTIONED AS THE DE FACTO POLITICAL OPPOSITION AT THE NATIONAL LEVEL AND ACTU/ALP PRESIDENT BOB HAWKE HAS BEEN THE MOST ACTIVE, ARTICULATE, COLORFUL AND EFFECTIVE OPPOSITION

SPOKESMAN AND LEADER: PERHAPS THE MOST SIGNIFICANT (AND CERTAINLY THE MOST HIGHLY-PUBLICIZED) FEATURE OF THE ENTIRE PERIOD HAS BEEN THE NON-STOP DONNYBROOK BETWEEN HAWKE AND PRIME MINISTER FRASER IN WHICH THE 2 LEADERS HAVE DISAGREED WITH EACH OTHER IN PUBLIC ON VIRTUALLY EVERY MAJOR SOCIAL AND ECONOMIC ISSUE.

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2. IN THE 1975 CAMPAIGN THE COALITION BLAMED ALP MISMANAGEMENT FOR THE POOR STATE OF THE AUSTRALIAN ECONOMY AND PROMISED THE USE A 3-YEAR

TERM IN OFFICE TO "TURN ON THE LIGHTS" AND PUT THINGS RIGHT AGAIN. UNFORTUNATELY FOR AUSTRALIA, HOWEVER, THE COALITIONS RECORD AT THE HALFWAY POINT IN ITS 3-YEAR TERM WAS IN SOME RESPECTS WORSE THAN THE ALP RECORD. IN THE FIELD OF INDUSTRIAL RELATIONS IN PARTICULAR ITS

EFFORTS TO REDUCE INFLATION TO A SINGLE DIGIT AT VIRTUALLY ANY COST HAVE SUCCEEDED IN REDUCING REAL WAGES, INCREASING UNEMPLOYMENT AND GIVING RISE TO OR EXACERBATING INDUSTRIAL UNREST BUT THEY DO NOT APPEAR TO HAVE DONE MUCH AS YET TO REDUCE INFLATION. IN ADDITION THE COALITIONS HIGHLY PARTISAN, UNION-BASHING APPROACH TO DEALING WITH INDUSTRIAL PROBLEMS HAS BROUGHT IT INTO CHRONIC AND MUTALLY FRUSTRATING CONFRONTATION WITH THE TRADE UNION MOVEMENT. AT TIMES, THIS APPROACH HAS HAD THE EFFECT OF INCREASING THE BITTERNESS OF INDUSTRIAL DISPUTES EG IN THE CASES OF THE TRANSPORT WORKERS' STRIKE IN VICTORIA IN APRIL AND THE NATIONWIDE AIR TRAFFIC CONTROLLERS' STRIKE IN MAY.

3. THE ACTU HAS TAKEN THE POSITION DURING THE PAST 18 MONTHS THAT THE GOVT ANTI-INFLATION POLICIES AND PROGRAMS HAVE BEEN "SOCIALY HEARTLESS" AND "ECONOMICALLY ABSURD" (TO USE HAWKE'S WORDS). TRADE UNION SPOKESMEN AT QUARTERLY NATIONAL WAGE CASE HEARINGS HAVE BRANDED THE GOVT'S EFFORTS TO REDUCE INFLATION BY REDUCING REAL WAGES AND SLASHING PUBLIC SECTOR EXPENDITURE AS SOCIALY AND ECONOMICALLY INEQUITABLE AND COUNTERPRODUCTIVE. WITH SUBSTANTIAL SUPPORT FROM THE EMPLOYERS, THEY HAVE CALLED FOR TAX CUTS IN EXCHANGE FOR WAGE RESTRAINT AND FOR MEANINGFUL HIGH LEVEL TRIPARTITE ECONOMIC CONSULTATION. VERY MUCH AWARE OF THE TENDENCY'S TO BLAME INDUSTRIAL UNREST ON THE TRADE UNIONS REGARDLESS OF THE ISSUES, HAWKE HAS PLAYED A MAJOR ROLE IN KEEPING STRIKES TO A MINIMUM BY CHANNELING REQUESTS FOR WAGE INCREASES TO THE FULLEST EXTENT POSSIBLE THROUGH LEGALLY CONSTITUTED TRIBUNALS AND BY SERVING AS AN 11TH-HOUR MEDIATION IN MAJOR CONFRONTATIONS. ONE INDICATION OF THE SUCCESS HE AND OTHERS HAV LIMITED OFFICIAL USE

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ACHIEVED IN THIS AREA HAS BEEN THE FACT THAT THE THRUST OF THE ARTIBRATION COMMISSION'S FINDINGS IN ITS QUARTERLY WAGE DECISIONS HAS BEEN THAT BY AND LARGE THERE HAS BEEN "SUBSTANTIAL COMPLIANCE" BY THE TRADE UNIONS DURING THE PERIODS UNDER REVIEW WITH THE COMMISSION'S GUIDELINES. HAWKE, A PRAGMATIC "CENTER-LEFT" MODERATE, HAS ALSO CLEARLY AND CONSISTENTLY DOMINATED THE 18-MEMBER ACTU EXECUTIVE COUNCIL DESPITE THE FACT THAT ITS SPANS A LARGE SEGMENT OF THE POLITICAL SPECTRUM INCLUDING THE MILITANT LEFT.

4. THE COALITION'S INDUSTRIAL RELATIONS POLICY (FOR WHICH PRIME MINISTER FRASER DESERVES A MAJOR SHARE OF THE CREDIT) HAS BEEN TO PLACE AS MUCH BLAME AS POSSIBLE FOR ITS FAILURE TO ACHIEVE RECOVERY ON THE TRADE UNIONS AND TO USE INDUSTRIAL UNREST AS A PRETEXT FOR ENACTING OR THREATENING TO ENACT ANTI-UNION LEGISLATION EG THE AMENDMENTS TO THE CONCILIATION AND ARBITRATION ACT WHICH ESTABLISH AN ENFORCEMENT ARM OF THE ARBITRATION SYSTEM TO BE CALLED THE INDUSTRIAL RELATIONS BUREAU(IRB). UNDER A RECENTLY NEGOTIATED COMPROMISE A

AGREEMENT, HOWEVER, THE ACTU ACCEPTED THE IRB PROVIDED IT WAS GIVEN NO MORE POWER THAN THE PRESENT ARBITRATION INSPECTORATE. THE ACTU ALSO UNDERTOOK TO JOIN A RECONSTITUTED TRIPARTITE NATIONAL LABOR ADVISORY COUNCIL (NLAC). (IF THE GOVT HONORS ITS COMMITMENT UNDER THIS AGREEMENT IT WILL CONSTITUTE A MAJOR TACTICAL VICTORY FOR THE ACTU WHICH HAS LONG ANATHEMATIZED THE IRB AS AN "INDUSTRIAL POLICE FORCE" WHILE CALLING REPEATEDLY INSTEAD FOR A RESUMPTION OF MEANINGFUL HIGH-LEVEL TRIPARTITE ECONOMIC CONSULTATION. THE GOVT FAILS TO HONOR ITS COMMITMENT THE SITUATION WILL RETURN TO SQUARE ONE AND THE IRB ISSUE WILL ONCE AGAIN BECOME THE BASIS AND PRETEXT FOR SERIOUS CONFRONTATION. IN THE CIRCUMSTANCES ONE CAN ONLY HOPE THAT, WHETHER OR NOT THE IRB DISAPPEARS AS AN ISSUE, THE FUTURE WILL SEE THE NLACP PLAYING AN INCREASINGLY IMPORTANT ROLE IN INDUSTRIAL RELATIONS IF ONLY AS A MEANS OF IMPROVING COMMUNICATIONS BETWEEN THE CONTENDING PARTIES).

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5. WITH THE COUNTRY STILL MIRED IN STAGFLATION AS OF MID-1977 THE GOVT, THE EMPLOYERS AND PORTIONS OF THE MEDIA WERE GENERALLY SUCCESSFUL IN GETTING THE PUBLIC TO TAKE A DIM VIEW OF "GREEDY" AND "IRRESPONSIBLE" TRADE UNION EFFORTS TO MAINTAIN REAL WAGES IN THE FACT OF CONSTANTLY RISING PRICES. THE PUBLIC SEEMED TO FIND IT EASIER TO UNDERSTAND AND ACCEPT PRICE INCREASES IN RESPONSE TO WAGE INCREASES THAN THE OTHER WAY AROUND. THE PUBLIC ALSO SEEMED TO FIND THE ARGUMENTS PUT FORTH IN APRIL AND MAY IN SUPPORT OF THE PROPOSED "VOLUNTARY" WAGE AND PRICE FREEZE EASIER TO UNDERSTAND AND ACCEPT THAN THE COUNTER-ARGUMENT THAT THE PRINCIPAL EFFECTS OF THE "VOLUNTARY" FREEZE WOULD BE TO REDUCE EVEN FURTHER THE PURCHASING POWER OF WAGES AS CONTRASTED WITH OTHER FORMS OF INCOME. THIS WAS THE CONTEXT IN WHICH THE ARBITRATION COMMISSION WAS PREPARING TO TAKE YET ANOTHER HARD LOOK AT ALTERNATIVE WAGES AND MEANS OF ADJUSTING WAGES TO COMPENSATE FOR INFLATION (FOLLOWING 2 PRECARIOUS YEARS OF RELIANCE ON QUARTERLY CPI-BASED WAGE INDEXATION). ASKED WHAT DIFFERENCE NEW OR REVISED PROCEDURES WOULD MAKE IF THE TRADE

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ANION MOVEMENT CONTINUED TO RESIST EFFORTS TO REDUCE INFLATION BY REDUCING REAL WAGES, ONE MEMBER OF THE COMMISSION EXPLAINED THAT AUSTRALIANS SOMETIMES GOT TIRED OF ESTABLISHEDWAYS OF DOING THINGS AND WELCOMED OPPORTUNITIES TO HAVE A GO AT NEW WAYS.

6. PROGRAM RECOMMENDATION-DESPITE AUSTRALIA'S LONG EXPERIENCE WITH ARBITRATION AS A MEANS OF RESOLVING INDUSTRIAL DISPUTES AND DETERMINING OR ADJUSTING WAGE RATES, INDUSTRIAL RELATIONS HAS BEEN (AND CONTINUES TO BE) ONE OF THE COUNTRY'S MOST TROUBLED AND DISRUPTIVE SECTORS. DURING RECENT YEARS MANY AUSTRALIANS INCLUDING GOVT OFFICIALS, EMPLOYERS, INDUSTRIAL RELATIONS OFFICER AND TRADE UNIONISTS HAVE TRAVELED ABROAD-TO COMMUNIST COUNTRIES AS WELL AS TO WESTERN EUROPE AND NORTH AMERICA-FOR THE PURPOSE OF OBSERVING AND STUDYING WORKER PARTICIPATION, COLLECTIVE BARGAINING AND OTHER INDUSTRIAL RELATION SYSTEMS. SINCE INTEREST IN OTHER SYSTEMS HAS SHOWN NO SIGNS OF DIMINISHING, WE RECOMMENDED OVER 6 MONTHS AGO(CANBERRA'S 7979 OF NOVEMBER 2, 1976) THAT CONSIDERATION BE GIVEN TO SENDING A TEAM

OF PEOPLE WITH EXPERIENCE IN AMERICAN STYLE COLLECTIVE BARGAINING TO AUSTRALIA FOR A 3-6 WEEK PERIOD. WITH AMSPEC'S JACK BARBASH AND HOWARD SOLOMON CURRENTLY DISCUSSING COLLECTIVE BARGAINING AND RELATED LIMITED OFFICIAL USE

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SUBJECTS WITH GROUPS IN ALL 6 AUSTRALIAN STATES WE BELIEVE SUCH A TEAM WOULD BE AN EXCELLENT AND VERY TIMELY FOLLOW-UP IN AN AREA OF GREAT IMPORTANCE TO AUSTRALIA. BRAND

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